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31 CFR Ch. II (7–1–06 Edition)

(2) Series EE bonds bearing issue dates of February 1, 2003, or thereafter, presented no earlier than 12 months from their issue dates; and

(3) Series E bonds and savings notes presented no later than one year from the month in which they reached final maturity. The total redemption value of the securities presented for exchange must be at least \$500.

(b) *Requirements for redemption-exchange.* An agent shall not accept and redeem eligible securities on exchange unless:

(1) The securities are accompanied by a completed exchange subscription signed by the presenter;

(2) The presenter is the owner, the legal representative (excluding a representative of a decedent's estate), the surviving coowner or beneficiary, or the principal coowner (as defined in § 352.7(e)(2) in 31 CFR part 352 (Circular No. 2-80)) of the securities presented for exchange and is to be named as owner or first-named coowner on the Series HH bonds; and

(3) The request for payment on each security is signed by the presenter. A presenter who is a legal representative should show the full title adjacent to each signature and, in the case of a corporate legal representative, should show the full corporate name, as well as the title. If the name of the presenter has been changed by marriage, or if the presenter is named as beneficiary or legal representative on the securities, the agent may process the transaction in accordance with the provisions of § 321.7 (b), (d), or (e) of this part. If the agent is authorized and elects to use the special endorsement procedure, set out in 31 CFR part 330 (Circular No. 888, current revision), the requests for payment do not need to be signed; however, this special endorsement may not be used in lieu of the presenter's signature on the exchange subscription.

(c) *Interest reporting.* To the extent that it represents interest of \$10 or more, a paying agent is required to report cash, refunded in an exchange transaction, to the presenter and to the Internal Revenue Service under the provisions of 26 CFR 1.6049-4.

(d) *Completion of transaction.* An agent shall transmit for settlement via EZ

CLEAR securities redeemed on exchange and, at the same time, forward the exchange application (PD F 3253) and any additional cash needed to complete the transaction, to the Fiscal Agency Department of the servicing Federal Reserve Bank referred to in § 321.25. Securities redeemed on exchange may be commingled with cash redemptions in mixed or separately sorted cash letters.”

[53 FR 37511, Sept. 26, 1988, as amended at 55 FR 35396, Aug. 29, 1990; 59 FR 10537, Mar. 4, 1994; 68 FR 2666, Jan. 17, 2003; 68 FR 7427, Feb. 14, 2003]

§ 321.9 Specific limitations on payment authority.

An agent is not authorized to redeem a security for cash or on redemption-exchange:

(a)(1) If it is a Series EE bond or a Series I bond issued on January 1, 2003, or earlier, presented for payment prior to six months from its issue date; or

(2) If it is a Series EE bond or a Series I bond issued on February 1, 2003, or thereafter, presented for payment prior to 12 months from its issue date.

(b) If it is a savings bond of Series F, G, H, J, K, or HH.

(c) If the presenter is acting under a power of attorney.

(d) If the agent does not know or cannot establish the identity of the presenter as a person entitled to request payment as provided in § 321.7.

(e) If the presenter does not sign his or her name in ink as it is inscribed on the security (except as provided in § 321.7 (b) or (c) of this part, or appears in evidence of appointment (see § 321.7(f)), and show a home or business address.

(f) If the taxpayer identifying number of the presenter, or the estate represented by the presenter, is not known to the agent and the presenter refuses to furnish the number.

(g) If the security bears a material irregularity, such as an illegible, incomplete or unauthorized inscription, issue date, or issuing agent's validating data, or if any essential part of the security appears to have been altered or is mutilated or defaced in such a manner as to create doubt or arouse suspicion.

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(h) If the security is registered in the name of a corporation, association, partnership, or other organization in its own right.

(i) If Treasury regulations require the submission of documentary evidence to support the redemption, except as provided in §321.7 (d) or (f) of this part, as in the case of incompetents, minors under legal guardianship, or the change of a registrant's name other than by marriage.

(j) If the presenter is a minor who, in the opinion of the agent, is not of sufficient competency and understanding to sign the request for payment and comprehend the nature of the act.

(k) If it is known to the agent that the presenter has been legally declared incompetent to manage his or her affairs.

(l) If partial redemption is requested.

[53 FR 37511, Sept. 26, 1988, as amended at 55 FR 35396, Aug. 29, 1990; 63 FR 38042, July 14, 1998; 68 FR 2666, Jan. 17, 2003; 68 FR 7427, Feb. 14, 2003]

§ 321.10 Responsibilities of paying agents.

(a) *Payment of securities.* A paying agent is required to redeem eligible securities during its regular business hours for any presenter, whether or not a customer, who can establish his or her identity as the owner or co-owner named on the securities, in accordance with the provisions of this part, and the appendix to this part, and the Treasury Identification Guide for Cashing United States Savings Bonds. An agent is encouraged, but is not required, to redeem eligible securities during its regular business hours for a surviving beneficiary, a legal representative designated in the registration of securities presented, or a legal representative of the last deceased registrant's estate who can provide acceptable evidence (see §321.7 (d) or (f)) and establish identity in accordance with this part.

(b) *Restrictions.* A paying agent shall not advance money, make loans on, or discount the redemption value of securities, nor in any manner assist others to do so. An agent shall not pay a presenter the current value of a security and then defer presentation to the

Treasury for the purpose of obtaining for its own profit an increased value.

[53 FR 37511, Sept. 26, 1988, as amended at 55 FR 35396, Aug. 29, 1990]

Subpart D—Payment and Transmittal of Securities

§ 321.11 Payment.

(a) *Examination.* Before making a payment of a security, a paying agent shall examine the security to determine that it is eligible for redemption and is one the agent is authorized to pay under the provisions of this part.

(b) *Identification and evidence of entitlement.* The agent shall determine that the presenter of the security is entitled to request payment, as provided in §321.7 of this part. Unless the presenter is a person whose identity is well-known to the agent or is an established customer, he or she should be asked to furnish satisfactory identification in accordance with the Treasury instructions and guidelines. At the time of payment, the agent should make a notation on the back of the security, or in its own records, specifying precisely what was relied on to establish the presenter's identity.

(c) *Evidence—Payment to a beneficiary.* The agent shall determine that the presenter of the security as beneficiary is entitled to request payment, as provided in §321.7(d). In addition to establishing the presenter's identification, as required by paragraph (b) of this section, the agent shall require presentation of the owner's death certificate in accordance with this part and the appendix.

(d) *Evidence—Payment to a legal representative of the last deceased registrant's estate.* The agent shall determine whether the legal representative is entitled to request payment, as provided in §321.7(f). In addition to establishing the presenter's identification, as required by paragraph (b) of this section, the agent shall require evidence of appointment as well as evidence of the dates of death of all persons named in the registrations of the securities presented. Evidence of the representative's appointment must be either a court certificate or a copy of the letters of appointment, certified to be